

**MEALS ON WHEELS OF CONTRA COSTA, INC.**

**INDEPENDENT CERTIFIED AUDITOR'S REPORT**

**JUNE 30, 2020 and 2019**

## **MEALS ON WHEELS OF CONTRA COSTA, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Meals On Wheels of Contra Costa, Inc.

I have audited the accompanying financial statements of Meals On Wheels of Contra Costa, Inc. (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and schedule of functional expenses for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Meals On Wheels of Contra Costa, Inc. as of June 30, 2019, were audited by other auditors whose report dated September 4, 2019, expressed an unqualified opinion on those statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

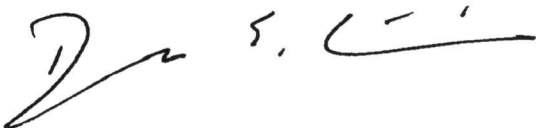
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals On Wheels of Contra Costa, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows, and schedule of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Covina, California

October 6, 2020

**MEALS ON WHEELS OF CONTRA COSTA, INC.**  
**Statement of Financial Position**  
**June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,730,784	\$ 739,817
Investments - donor restricted (Notes 2 and 7)	76,364	70,734
Investments (Notes 2 and 6)	<u>1,771,548</u>	<u>1,622,653</u>
Total assets	<u>\$ 3,578,696</u>	<u>\$ 2,433,204</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 5,727</u>	<u>\$ 17,419</u>
<b>Net Assets</b>		
Net Assets without donor restrictions	3,496,605	2,345,051
Net Assets with donor restrictions (Note 7)	<u>76,364</u>	<u>70,734</u>
Total net assets	<u>3,572,969</u>	<u>2,415,785</u>
Total liabilities and net assets	<u>\$ 3,578,696</u>	<u>\$ 2,433,204</u>

The accompanying notes are an integral part of these statements.

**MEALS ON WHEELS OF CONTRA COSTA, INC.**

**Statement of Activities**

**For the years ended June 30, 2020 and 2019**

	June 30, 2020			June 30, 2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Public support:						
Grants and donations (Note 2)	\$ 3,033,109		\$ 3,033,109	\$ 2,159,888	132,450	\$ 2,292,338
Revenue:						
Investment income, net	433	\$ 5,630	6,063	60,249	\$ 1,453	61,702
Total support and net revenue	3,033,542	5,630	3,039,172	2,220,137	133,903	2,354,040
Net assets released from donor restrictions	-	-	-	132,450	(132,450)	-
	3,033,542	5,630	3,039,172	2,352,587	1,453	2,354,040
Expenses:						
Program services:	1,453,385	-	1,453,385	1,284,696	-	1,284,696
Program support:						
Administration expenses	11,684	-	11,684	12,707	-	12,707
Fund raising expenses	416,919	-	416,919	449,907	-	449,907
Total program support	428,603	-	428,603	462,614	-	462,614
Total expenses	1,881,988	-	1,881,988	1,747,310	-	1,747,310
<b>Net surplus</b>	1,151,554	5,630	1,157,184	605,277	1,453	606,730
Net Assets, Beginning	2,345,051	70,734	2,415,785	1,739,774	69,281	1,809,055
Net Assets, Ending	<u>\$ 3,496,605</u>	<u>\$ 76,364</u>	<u>\$ 3,572,969</u>	<u>\$ 2,345,051</u>	<u>\$ 70,734</u>	<u>\$ 2,415,785</u>

The accompanying notes are an integral part of these statements.

**MEALS ON WHEELS OF CONTRA COSTA, INC.**  
**Statement of Cash Flows (Note 7)**  
**For the years ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of support and revenue over expenses	\$ 1,157,184	\$ 606,730
Adjustments to reconcile excess of support and revenue over expenses to cash flow from operating activities:		
Increase (Decrease) in accounts payable	<u>(11,692)</u>	<u>9,484</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	1,145,492	616,214
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments	(154,525)	(714,551)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
None	<u>-</u>	<u>-</u>
Increase in cash	990,967	(98,337)
CASH AND CASH EQUIVALENTS - Beginning	<u>739,817</u>	<u>838,161</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u><u>\$ 1,730,784</u></u>	<u><u>\$ 739,817</u></u>

The accompanying notes are an integral part of these statements.

**MEALS ON WHEELS OF CONTRA COSTA, INC.****Schedule of Functional Expenses****For the years ended June 30, 2020 and 2019**

	<u>Program Services</u>	<u>Administration Expenses</u>	<u>Fund-raising Expenses</u>	<u>Total June 30, 2020</u>	<u>Total June 30, 2019</u>
Bank charges		\$ 2,589		\$ 2,589	
Copywrite fees	\$ 2,895	-		2,895	
Development and fundraising	-	-	\$ 169,611	169,611	\$ 202,151
Email marketing	-	-	17,640	17,640	-
Graphic design	-	-	9,942	9,942	15,550
Insurance	1,474	1,271	-	2,745	2,681
Lists	-	-	42,326	42,326	52,710
Meals and delivery	1,449,016	-	-	1,449,016	1,277,341
Miscellaneous	-	-	-	-	969
Postage	-	-	93,826	93,826	109,174
Printing	-	-	83,574	83,574	75,427
Professional fees	-	4,885	-	4,885	4,450
Software / website	-	2,714	-	2,714	5,753
Training and conferences	-	225	-	225	1,104
Totals	<u>\$ 1,453,385</u>	<u>\$ 11,684</u>	<u>\$ 416,919</u>	<u>\$ 1,881,988</u>	<u>\$ 1,747,310</u>

The accompanying notes are an integral part of these statements.



## **MEALS ON WHEELS OF CONTRA COSTA, INC.**

Notes to Financial Statements

June 30, 2020 and 2019

### **NOTE 1 – Nature of Organization**

#### **Non-profit activity**

Meals on Wheels of Contra Costa, Inc. (the Organization) is a non-profit public benefit California corporation founded in 1990.

The Organization sponsors fund-raising and program activities, apply for and accept grants from public and private agencies, businesses and individuals, on behalf and for the benefit of providing meals delivered to the homebound elderly of Contra Costa County through the Contra Costa Meals on Wheels Program, operated by the Contra Costa County Department of Health Services – Public Health Division. The Organization is governed by a Board of Directors composed of representatives from public and private agencies throughout Contra Costa County.

#### **Income taxes and exempt status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state franchise or income tax under Section 23701d. The Organization is also registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California. Contributions to the Organization are tax deductible within the limits of prescribed law.

### **NOTE 2 – Summary of significant accounting policies**

The financial statements of The Organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The Organization is required to report information regarding its financial position and activities according to those assets without any designations or restrictions, and those with designations or restrictions. See Note 7 for information regarding assets with donor restrictions as of June 30, 2020 and 2019.

In addition, the Organization is required to present a statement of cash flows.

#### **New Accounting Standard Adopted in 2018**

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Not-for Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. This guidance revises the not-for-profit reporting model, clarifies net asset reporting, and imposes certain new reporting requirements related to expenses. The ASU also requires additional disclosures about liquidity and availability of resources for general expenditures in the next fiscal year. The ASU is effective for fiscal years beginning after December 15, 2017, and early implementation is permitted. The Organization has adopted this new ASU for its financial statements.



## **MEALS ON WHEELS OF CONTRA COSTA, INC.**

### **Notes to Financial Statements**

June 30, 2020 and 2019

#### **NOTE 2 – Summary of significant accounting policies (continued)**

##### **Cash and Cash Equivalents**

For purposes of these statements, the Organization considers all short-term investments with original maturities of three months or less to be cash equivalents.

##### **Support, Revenue and Expenses**

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the Organization has an established right to the bequest and the proceeds are measurable. The Organization's policy is that bequests are measurable when actual proceeds are received. Expenses are recorded when incurred in accordance with the accrual basis of accounting

##### **Donated Services**

Donated services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and 2019, there were no contributed services meeting the requirements for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising efforts which have not been included in these financial statements.

##### **Allocation of Expenses**

The costs of providing the various and supporting activities of the Organization have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting activities.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

##### **Reclassification**

Certain amounts reported in the June 30, 2019 and 2018 financial statements have been reclassified to conform to the June 30, 2020 and 2019 presentation.

**MEALS ON WHEELS OF CONTRA COSTA, INC.**

Notes to Financial Statements

June 30, 2020 and 2019

**NOTE 3 – Concentration of Risk**

The Organization has cash deposits which exceed FDIC limits. However, management believes that the concentration of credit risk is low due to the quality of the financial institutions holding these funds.

**NOTE 4 – Statement of Cash Flows**

There was no interest expense for the years ended June 30, 2020 and 2019 nor was there any accrued interest at June 30, 2020 and 2019.

**NOTE 5 – Investments**

Marketable Securities are carried at fair value and are intended to provide income for the Organization's programs. The fair value of marketable securities has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Significant information about marketable securities at June 30, 2020 is summarized as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Money Market	\$ 17,358	\$ 17,358	\$ 17,358
Marketable securities	380,106	395,214	395,214
Fixed income/Preferred	1,404,951	1,325,558	1,325,558
Mutual funds	<u>33,973</u>	<u>33,418</u>	<u>33,418</u>
Total Investments	<u>\$ 1,836,388</u>	<u>\$ 1,771,548</u>	<u>\$ 1,771,548</u>

Significant information about marketable securities at June 30, 2019 is summarized as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Carrying Value</u>
Money Market		\$ 16,748	\$ 16,748
Marketable securities		362,081	362,081
Fixed income/Preferred		1,131,148	1,131,148
Mutual funds		<u>112,676</u>	<u>112,676</u>
Total Investments	<u>\$ 1,555,326</u>	<u>\$ 1,622,653</u>	<u>\$ 1,622,653</u>

## MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2020 and 2019

### NOTE 6 - Fair Value Exposure

#### Summary of Fair Value Exposure:

The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical assets. Cash, checking, savings accounts and certificates of deposit are composed of funds invested in savings accounts and certificates of deposit at various institutions. Funds invested in checking, savings accounts and certificates of deposit are valued based on the value of the deposited funds and net investment earnings less withdrawal and late fees.

Money market accounts consist primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities. Money market accounts seek to maintain a stable net asset value (NAV) of \$1.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of the assets).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those securities.

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2020:

Assets:	Level 1	Level 2	Level 3
Investments	\$ 1,771,548	\$ 0	\$ 0



## MEALS ON WHEELS OF CONTRA COSTA, INC.

### Notes to Financial Statements

June 30, 2020 and 2019

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

Assets:	Level 1	Level 2	Level 3
Investments	\$ 1,622,653	\$ 0	\$ 0

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

Effective for 2011, the FASB Accounting Standards Update, *Improving Disclosures about Fair Value Measurements*, requires that, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements on a gross basis rather than as one net number (ASU 2010-06). The Organization did not hold any level 3 assets on June 30, 2020.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2020 and 2019.

#### NOTE 7 – Donor Restricted Funds

The Organization adopted SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. SFAS No. 136 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, return of investment of those assets, or both to an entity that is specified by the donor. SFAS No. 136 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Organization (donor) must account for the transfer of such assets as an asset and the recipient organization as a liability.

The Organization established one such designated fund during 2004 and has transferred a total of \$100,000 since inception to the East Bay Community Foundation (EBCF). As per the Designated Fund Agreement between the Organization and EBCF, the Organization granted variance power, as defined by SFAS No. 136, and the Organization specified itself as the beneficiary. The fund may make distributions of up to 100% of its assets annually, net of fees. The distribution policy may be amended as agreed by the parties. The invested funds are reported on the statement of financial position as designated fund investments and as donor restricted net assets. The Organization did not receive any distributions for the years ended June 30, 2020 and 2019.

## MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2020 and 2019

### NOTE 8 - Liquidity and Availability of Resources

As explained in Note 7, the Organization has received some donations that require they be used in a specific manner or for a specific purpose. The Organization must maintain sufficient resources to meet those donor commitments. As a result, the Organization has \$76,364 of investments that are included in net assets with donor restrictions that must be held to meet these donor commitments. These funds are not available for general expenditures in future periods.

The Organization has the following unrestricted financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next fiscal year:

Cash and cash equivalents	\$ 1,730,784
Short-term investments	1,771,548
Accounts payable	<u>(5,727)</u>
Net financial assets available	<u>\$ 3,496,605</u>

The Organization's liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due. Based on available unrestricted cash at June 30, 2020 the Organization has sufficient cash to meet its obligations for the next 678 days.

### NOTE 9 – Subsequent Events

In preparing financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure thru October 6, 2020.